

Thank you, Mr. Chairman, and thank you for holding this hearing.

As recent events have shown us, the housing market is at the core of the United States economy. Ensuring the continued stability of the housing market is one of the best ways to ensure continued economic growth and a higher quality of life for our citizens. Reforming our Government Sponsored Enterprises - Fannie Mae, Freddie Mac and the Federal Home Loan Banking system – will help to maintain their credibility, ensure the long-term strength of the housing market, and help stabilize our economy.

Since the accounting scandals of 2003 and 2004, both Fannie and Freddie have come a long way. Under new management, they have updated their business practices, improved their internal accounting systems, and regained much of their reputation.

During the current housing crisis, Fannie, Freddie, and the FHLBs have been a stabilizing force during a very troubling time in the mortgage markets. If another scandal were to happen again at any of the GSEs, it would undermine the hard won credibility that they have regained and shake already unstable housing markets. This is why we need to act quickly to create a strong, unified regulatory structure that will ensure that the GSEs bring stability to the mortgage market and continue expanding housing opportunities for all families.

Both Freddie Mac and Fannie Mae were among the first to identify and respond to the subprime crisis. I'd like to thank them for the steps that they have taken already to modify loans and prevent foreclosures.

In 2006, Freddie Mac helped 2,098 Pennsylvania families avoid foreclosure while Fannie Mae helped another 2,700. The GSEs help bring millions of dollars in capital into our cities and our states to help families purchase homes. I hope we can all work together to create a

unified, sensible regulatory structure that allows the GSEs to continue bringing the world's capital into our local neighborhoods.

At the same time, the GSEs must acknowledge the unique role they play in our financial market in which there is a crisis of confidence sweeping the country. A few years ago, numerous problems were uncovered with Freddie and Fannie and the FHLBs. I appreciate that all three have gone a long way toward correcting those deficiencies, but again, significant failures like those of 2003 shake consumer confidence and we have to be especially mindful in the current economic environment of how important public trust is to our financial institutions. I urge you to go back to your offices after this hearing, to be creative and innovative, and to keep coming up with ways to help this nation's homeowners who are struggling to stay in their houses, keep their jobs, feed their children and send them to college. Whatever the GSEs can do to restore confidence and help these families sleep a little better at night, they must do.

We need a unified, politically independent regulator for all of our housing GSEs. The current system is too fragmented between HUD, Office of Federal Housing Enterprise Oversight (OFHEO), and the Federal Housing Finance Board (FHFB). The new regulator should be free from the appropriations process and given broad authority over both mission and safety and soundness. A regulator with broad authority can ensure coherent regulation, better enforcement, and a more aggressive effort to expand affordable housing at all the GSEs.